

**KING CITY ENERGY CENTER  
AMENDMENT 2**

**ATTACHMENT A**

**AMENDMENT TO EXTEND DEADLINE  
FOR  
COMMERCIAL OPERATION  
OF  
THE KING CITY ENERGY CENTER (01-EP-6)**

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## **1.0 INTRODUCTION**

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### **1.1 Overview of Amendment**

The purpose of this Amendment is to extend the commercial operation date (COD) for the Calpine King City LM6000 emergency peaker project (King City Energy Center) from September 30, 2001 to December 28, 2001.

The California Energy Commission (CEC) certified the King City Energy Center, LLC (KCEC) on May 5, 2001, pursuant to the California Energy Commission's emergency siting regulations and the Governor's Executive Orders D-26-01 and D-28-01, which require emergency generators to be online no later than September 30, 2001.

The KCEC as certified on May 5, 2001 was located on a parcel adjacent to the existing Calpine Co-generation Plant. Calpine submitted an Amendment to the CEC to relocate the KCEC to an adjacent parcel on June 7, 2001, in order to meet the commercial operation date of September 30, 2001. The CEC approved this Amendment on June 25, 2001 (Amendment 1).

Calpine has worked very closely with King City to complete the purchase of the project site owned by the King City Redevelopment Agency, in order to obtain site control and allow construction to proceed. In fact, Calpine has now invested at its own risk over \$250,000 into this project in an attempt to meet our commitment to the CEC. Unfortunately, and unforeseen to Calpine and King City officials, King City encountered difficulties in obtaining a clear title to the project site in a timely manner that would allow construction activities to proceed and meet the commercial operation date of September 30, 2001. Finally, only after ongoing attempts to clear the title (including a lawsuit, and intervention by the Mayor of King City), the option holder agreed on August 15, 2001 to sign a Quit Claim Deed.

The difficulties in obtaining a clear title to the KCEC site have resulted in significant delays to the project schedule and the need for additional time to remobilize for construction start up. Hence, this Amendment is necessary to modify the project schedule and extend the September 30, 2001 deadline to December 28, 2001.

This Amendment provides information and environmental analysis by reference to the Amendment approved by the CEC on June 25, 2001, and responds to Staff inquiries, as set forth in the CEC July 24, 2001 and August 15, 2001 letters to Calpine.

The environmental analysis in the Amendment for the King City Energy Center site approved by the CEC on June 25, 2001 has not changed and will not change with this Amendment. Therefore, Calpine believes that this Amendment demonstrates that the modification to the KCEC schedule does not result in significant impacts to the environment. This Amendment also contains information to ensure that the project complies with all laws, ordinances, regulations and standards (LORS) and will comply with the California Energy Commission's Conditions of Certification for the project.

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**1.2 Summary of Environmental Impacts**

Section 1769(a)(1)(E) of the CEC Siting Regulations requires that an analysis be conducted that addresses the impacts the modification might have on the environment and proposed measures to mitigate any significant adverse impacts. In addition, Section 1769(a)(1)(F) of the Siting Regulations requires a discussion of the impacts the modification might have on the project's ability to comply with applicable LORS.

The extension of the Project schedule and date for commercial operation will have no different environmental impacts than those outlined in the original application reviewed and accepted by the Commission. As concluded in the earlier Amendment for the relocation of the project site approved by the CEC on June 25, 2001 there will be no significant environmental impacts associated with the project site and the project as amended will comply with applicable LORS.

**1.3 Consistency of Amendment with License**

Section 1769(a)(1)(D) of the CEC Siting Regulations requires a discussion of the Amendment's consistency with the LORS and whether the modifications are based upon new information that changes or undermines the assumptions, rationale, findings or other bases of the final decision. If the project is no longer consistent with the license, an explanation why the modifications should be permitted must be provided.

The proposed change in the KCEC schedule and commercial operation date is consistent with the applicable laws, ordinances, regulations, and standards. The change in the project schedule is not based upon new information that changes or undermines the bases for the final decision.

## **2.0 DESCRIPTION OF PROJECT AMENDMENT**

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### **2.1 Proposed Project Amendment**

Consistent with California Energy Commission Siting Regulations Section 1769(a)(1)(A) and 1769(a)(1)(B), this section includes a complete description of the project modification and the necessity for the amendment.

On May 7, 2001 the CEC gave approval to construct the KCEC Project, a LM 6000 gas turbine simple cycle peaker plant. Due to schedule constraints with the negotiations on the original parcel of land addressed in the CEC approval, KCEC decided to relocate the site to an adjacent parcel (Parcel 3b) owned by the City of King Redevelopment Agency. This was done in order to obtain site control and expedite the schedule for construction of the facility to meet the schedule date for commercial operation of September 30, 2001. An Amendment was submitted to the CEC for the relocated site (Parcel 3b) on June 7, 2001 and the CEC approved the relocation of the KCEC site and modifications to several project features on June 25, 2001.

However, due to the unforeseen delays in obtaining site control, it is not possible to complete construction and meet the commercial operation date of September 30, 2001.

Calpine believed at the time the decision was made to relocate the KCEC to Parcel 3b that the parcel could be purchased from King City Redevelopment Agency in a timely manner and site control could be obtained to support the construction schedule.

The delay in obtaining site control has been outside the control of Calpine. A preliminary title report issued on May 31 showed certain exceptions and an option agreement to purchase the parcel. King City determined that Basic Vegetable Products Holding, L.P. (an entity of Basic American Foods undergoing dissolution) held the option to Parcel 3b. Since the company is undergoing dissolution and could not practically exercise this option, King City requested that Basic Vegetable Products Holding, L.P. sign a Quit Claim Deed for Parcel 3b. On August 6, 2001, Calpine submitted to Basic Vegetable Products Holding, L.P. a letter offer requesting that they sign a Quit Claim Deed. Basic Vegetable Products Holding, L.P. initially refused to sign a Quit Claim Deed. Therefore, the City of King filed a Quiet Title lawsuit against Basic Vegetable Products Holding, L.P. on August 14, 2001 to obtain clear title of Parcel 3b. One day following the filing of the lawsuit, Basic Vegetable Products Holding, L.P. responded to Calpine's offer and agreed to sign a Quit Claim Deed. The City of King's Quiet Title lawsuit is now no longer applicable.

Due to these unforeseen difficulties in establishing site control, Calpine rescheduled critical path construction activities, such as pile driving, until the site control is established. At its own risk KCEC initiated limited construction activities under a special construction license granted by the City of King and with approval from the CEC Compliance Program Manager. However, the difficulties encountered in obtaining site control have resulted in a significant schedule delay. Finally on August 15, 2001 the

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option holder to Parcel 3b agreed to sign a Quit Claim Deed, to clear the parcel title. Calpine expects to receive clear title of Parcel 3b by August 22, 2001.

The revised schedule discussed below reflects the schedule delays dictated by the difficulties already described. The revised schedule includes additional time that will be required to remobilize construction equipment and the construction contractor.

Calpine expects to obtain site control by August 22, 2001 and Calpine will complete the transaction with King City to acquire Parcel 3b, with construction remobilization starting on September 1, 2001.

A detailed construction schedule is attached. This schedule reflects the commercial operation date for the KCEC of December 28, 2001 and durations of key construction activities. Commissioning activities of the KCEC will begin the week of November 19 and continue through commercial operation start up on December 28, 2001. Calpine is trying to expedite an earlier commercial operation on line date. Calpine is working with its vendors to expedite the delivery dates of equipment. GE, the KCEC turbine supplier, projects the shipping date for the turbine to be October 31, 2001. The turbine delivery date is structured to support the revised schedule.

Calpine is committed to expediting the construction schedule as much as possible and will implement the following measures to ensure the new schedule for commercial operation is met. These measures include:

- Immediate implementation of a 7-10's work schedule.
  - Early receipt of equipment to ensure timely installation, when required.
- Implementation of a second work shift as soon as practical.
- Utilization of the same contractors and vendors that were used at the Gilroy Energy Center where possible, to capitalize on previous experience gained during construction at the Gilroy Energy Center.

## **2.2 Necessity of Proposed Change**

Section 1769(a)(1)(C) of the CEC Siting Regulations requires a discussion of the necessity for the proposed changes and whether the changes are based on information that was known by Calpine during the approval process.

Calpine's decision to request a change in the schedule and date for commercial operation start up is based on circumstances which occurred after the CEC approved the King City Energy Center application and Amendment 1. Based upon the unforeseen delays in obtaining site control, Calpine has determined that the commercial operation date of the King City Energy Center cannot be met by September 30, 2001.

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### **3.0 ENVIRONMENTAL ANALYSIS OF THE PROPOSED CHANGE**

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The proposed change to the project schedule, as set forth in this Amendment, will result in no increase in significant environmental impacts from the earlier approved project. The effects of construction and operation of the King City Energy Center are the same as those described in Calpine's amendment to the application submitted to the CEC June 7, 2001 and approved by the CEC on June 25, 2001.

#### **4.0 PROPOSED MODIFICATIONS TO THE CONDITIONS OF CERTIFICATION**

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Consistent with the requirements of the CEC Siting Regulations Section 1769 (a)(1)(A), this section addresses the proposed modifications to the Project's Conditions of Certification.

There will be no changes in the Project's Conditions of Certification or verification language with this proposed schedule change from that addressed in Amendment 1.



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## **5.0 POTENTIAL EFFECTS ON THE PUBLIC**

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Consistent with the requirements of the CEC Siting Regulations Section 1769 (a)(1)(G), this section addresses the proposed Amendment's effects on the public.

The proposed modification to the project schedule will not result in any further impacts to the public from those described in the Amendment submitted to the CEC on June 7, 2001 and approved by the CEC on June 25, 2001.

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## **6.0 LIST OF PROPERTY OWNERS**

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Consistent with the CEC Siting Regulations Section 1769(a)(1)(H), this section lists the property owners affected by the proposed modification:

The property owners are the same as those identified in the application for the project Calpine filed in April 2001.

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## **7.0 POTENTIAL EFFECTS ON PROPERTY OWNERS**

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Consistent with the CEC Siting Regulations Section 1769(a)(1)(1), this section addresses potential effects of the proposed Amendment on nearby property owners, the public and parties in the application proceeding.

This change to the project schedule will not result in any changes to the effects on the property owners, the public and parties in the application proceeding as described in Calpine's application for approval and Amendment 1 under the 21-day process.